



FEDERAL ELECTION COMMISSION
Washington, DC 20463

Embassy Nightclub
3355 Procyon Street
Las Vegas, Nevada 89102

SEP 19 2016

RE: MUR 6973
Embassy Nightclub

Dear Sir or Madam:

On October 26, 2015, the Federal Election Commission notified you of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on September 13, 2016, voted to dismiss this matter. The Factual and Legal Analysis, which more fully explains the Commission's decision, is enclosed for your information.

Documents related to the case will be placed on the public record within 30 days. *See Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files*, 68 Fed. Reg. 70,426 (Dec. 18, 2003) and *Statement of Policy Regarding Placing First General Counsel's Reports on the Public Record*, 74 Fed. Reg. 66,132 (Dec. 14, 2009).

If you have any questions, please contact Kimberly Hart, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,

But, J.

Peter Blumberg
Acting Deputy Associate General Counsel

Enclosure
Factual and Legal Analysis

1 **FEDERAL ELECTION COMMISSION**
2 **FACTUAL AND LEGAL ANALYSIS**

3 **MUR 6973**

4
5 **RESPONDENTS:**

Ruben Kihuen

7 Ruben Kihuen for Congress and
8 Jay Petterson in his official capacity as
9 Treasurer

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11 Tacos and Beer LLC

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13 Alien Tequila Spirits Company, LLC

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15 Latin Chamber of Commerce

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17 Embassy Nightclub

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19 Ramirez Group, Inc.

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21 ActBlue

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23 Daniel Chavez
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25 **I. INTRODUCTION**

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27 The Complaint in this matter alleges that Ruben Kihuen and his principal campaign
28 committee, Ruben Kihuen for Congress and Jay Petterson in his official capacity as treasurer (the
29 "Committee") (collectively, "the Respondents"), violated multiple provisions of the Federal
30 Election Campaign Act of 1971, as amended ("the Act"). Among other things, the Complaint's
31 allegations against Respondents include:

- 32 • the making and receipt of unreported prohibited in-kind contributions in the form of free
33 event space, food, beverages, and invitations from Tacos and Beer LLC in connection
34 with an April 25, 2015, Committee fundraiser;
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36 • the making and receipt of unreported prohibited in-kind contributions in the form of free
37 event space, food, beverages, invitations and sponsorship by Embassy Nightclub, Latin
38 Chamber of Commerce and Alien Tequila Spirits Company, LLC in connection with a
39 June 29, 2015, Committee fundraiser;
40

- 1 • the failure to report certain campaign expenditures, including salary payments to staff,
2 Kihuen's travel costs, and office rent owed to Ramirez Group, Inc. ("Ramirez Group"),
3 Kihuen's employer;
- 4
- 5 • the inclusion of an incorrect disclaimer on Kihuen's website solicitation page, which was
6 hosted on Respondent ActBlue's website; and
7
- 8 • an impermissible transfer from Kihuen's state committee to his federal committee.

9 The Commission received responses from Kihuen and the Committee ("Committee
10 Response"), Alien Tequila, ActBlue, and Daniel Chavez, which generally deny the making or
11 receipt of prohibited in-kind contributions. The Committee acknowledged that it amended
12 disclosure reports to reflect the receipt of certain *de minimis* in-kind contributions and
13 expenditures. In addition, the Respondents deny that they failed to timely report other campaign
14 expenses, violated the disclaimer provisions, or made or received an impermissible transfer.
15 Tacos and Beer, the Embassy Nightclub, the Ramirez Group, and the Latin Chamber of
16 Commerce did not submit responses.

17 II. FACTUAL AND LEGAL ANALYSIS

18 The Act prohibits corporations from making contributions to a federal political
19 committee other than independent-expenditure-only political committees, and further prohibits
20 any officer of a corporation from consenting to any such contribution by the corporation.¹ The
21 Act further prohibits a candidate or political committee from accepting or receiving any
22 contribution prohibited by section 30118(a).² A treasurer of a principal campaign committee of a
23 candidate for the House of Representatives is required to file, in an non-election year, quarterly

¹ 52 U.S.C. § 30118(a); 11 C.F.R. § 114.2(a), (e).

² *Id.*; see also 11 C.F.R. § 114.2(d).

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1 reports of receipts, including contributions, and disbursements.³ In-kind contributions shall be
2 reported as a receipt in accordance with section 104.3(a) and as an expenditure in accordance
3 with section 104.3(b).⁴ A debt or obligation, including a loan, written contract, written promise
4 or written agreement to make an expenditure, the amount of which is over \$500 shall be reported
5 as of the date on which the debt or obligation was incurred, except that any obligation incurred
6 for rent, salary, or other regularly recurring administrative expenses shall not be reported as a
7 debt before the payment due date.⁵ The Commission's regulations require disclaimers for all
8 internet websites of political committees available to the general public as specified by section
9 110.11(c).⁶ A federal candidate shall not solicit, receive, direct, transfer or spend funds in
10 connection with an election for federal office, including federal election activity, unless the funds
11 are subject to the limitations, prohibitions, and reporting requirements of the Act.⁷

12 In light of the *de minimis* nature of the alleged violations, and in furtherance of the
13 Commission's priorities and resources, the Commission exercises its prosecutorial discretion
14 pursuant to *Heckler v. Chaney*, 470 U.S. 821 (1985), and dismisses the allegations that Ruben
15 Kihuen, Kihuen for Congress and Jay Petterson in his official capacity as treasurer, Tacos and
16 Beer, LLC, Embassy Nightclub, Alien Tequila, the Latin Chamber of Commerce, Ramirez
17 Group, Inc, ActBlue and Daniel Chavez violated the Act.⁸

³ *Id.* § 30104(a)(2)(B), (b); *Id.* §§ 104.3(a)(2), (b).

⁴ *Id.* § 104.13(b).

⁵ *Id.* § 104.11(b).

⁶ 11 C.F.R. § 110.11(a), (c).

⁷ 52 U.S.C. § 30125(e)(1)(A).

⁸ *Heckler v. Chaney*, 470 U.S. 821 (1985).